

# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

As of and for the nine months ended September 30, 2016

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# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

### Overview

Castlepoint National Insurance Company (CNIC or the Company) is the surviving entity from a merger with Tower Insurance Company of New York, CastlePoint Insurance Company, Hermitage Insurance Company, Massachusetts Homeland Insurance Company, North East Insurance Company, Preserver Insurance Company, Tower National Insurance Company, York Insurance Company of Maine and Castlepoint Florida Insurance Company (pre-merger affiliates). All intercompany assets and liabilities arising between the pre-merger affiliates were eliminated. The Company and its pre-merger affiliates were members of Tower Group International Ltd. (Tower) and were ultimately owned by ACP Re, Ltd. (ACPRE). The merger agreement was structured so that CNIC will have responsibility for all of Tower's direct insurance business. CNIC and the pre-merger affiliates (except for Castlepoint Florida Insurance Company) were members of the Tower's US Pool. Subsequent to the completion of the merger, on July 28, 2016, CNIC was placed into conservation by the California Insurance Commissioner, and subject to the oversight of the California Insurance Commissioner.

Pursuant to the July 28, 2016 Order Appointing Insurance Commissioner as Conservator and Restraining Orders (the Conservation Order), the California Insurance Commissioner was appointed as the statutory Conservator of the Company. The Conservation Order authorizes and empowers the Commissioner, through the Conservation & Liquidation Office, to conserve the Company and its assets for the benefit of the Company's claimants, creditors and shareholder, as provided in Sections 1010 through 1062 of the Insurance Code of the State of California. The Commissioner has also filed a Conservation and Liquidation Plan for the Company which was approved September 13, 2016. As part of the Conservation and Liquidation Plan, ACP Re commuted its aggregate stop loss reinsurance retrocession agreement with two affiliated companies who in turn provided aggregate stop loss reinsurance protection to Castlepoint Reinsurance Company (CPre), (a Bermuda reinsurance company that was an affiliate of CNIC) and those companies' aggregate stop loss to CPre were also cancelled, terminated and commuted. Concurrent with the execution of these agreements CPre commuted all of its reinsurance agreements with CNIC and the pre-merged companies, with consideration to CNIC being all of net tangible assets of CPre, such that after the commutation CPre will have no further obligation to CNIC. Finally, CNIC received a cash payment of \$200 million from the owners of ACPRe in exchange for their agreement to the commutation agreements.

The Conservation and Liquidation Plan also required the execution of two Administrative Services Agreements with AmTrust Financial Services Inc. and with National General Holdings Company for the continuity of claims servicing and payment processing.

ACPRE will also transfer its ownership interest in the stock of all of the remaining Tower Group Companies to a trust, with the result being that after the Conservation Order and the transfer of the stock of the Tower Group Companies, ACP Re will no longer have any control over CNIC or ownership of any other of the Tower Group Companies.

# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

<b>Statutory Balance Sheets (Unaudited)</b>
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(\$ in thousands)	30-Sep-16	30-Jun-16	Increase (Decrease)	
			Amount	%
<b>Admitted Assets</b>				
<b>Cash and invested assets</b>				
Unrestricted assets	\$ 210,464	\$ 70,184	\$ 140,280	200%
Restricted assets				
Pledged to states	363,897	379,587	(15,690)	-4%
Pledged for reinsurance	88,160	103,945	(15,785)	-15%
Funds at Lloyds and other invested assets	41,842	52,455	(10,613)	-20%
Receivables for securities	1,280	4,466	(3,186)	-71%
Total restricted assets	495,179	540,453	(45,274)	-8%
<b>Total cash and invested assets</b>	<b>705,643</b>	<b>610,637</b>	<b>95,006</b>	<b>16%</b>
Investment income due and accrued	3,985	4,807	(822)	-17%
Uncollected premiums and agents' balances	4,235	5,333	(1,098)	-21%
Amounts recoverable from reinsurers	33,143	36,954	(3,811)	-10%
Funds held by or deposited with reinsured companies	1,687	1,714	(27)	-2%
Miscellaneous assets	56,968	46,665	10,303	22%
<b>Total admitted assets</b>	<b>\$ 805,661</b>	<b>\$ 706,110</b>	<b>\$ 99,551</b>	<b>14%</b>
<b>Liabilities, capital and surplus</b>				
<b>Liabilities</b>				
Reserve for losses and loss adjustment expenses	\$ 987,988	\$ -	\$ 987,988	0%
Reinsurance payable on paid losses and LAE	6,257	4,926	1,331	27%
Commissions payable	329	1,574	(1,245)	-79%
Ceded reinsurance premiums payable	16,318	40,240	(23,922)	-59%
Funds held by company under reinsurance treaties	23,538	444,127	(420,589)	-95%
Payable to parent and affiliates	-	13,714	(13,714)	-100%
Miscellaneous liabilities	2,643	519,477	(516,834)	-99%
<b>Total liabilities</b>	1,037,073	1,024,058	13,015	<b>1%</b>
<b>Capital and surplus</b>				
Common capital stock	4,200	4,200	-	0%
Surplus notes	3,000	3,000	-	0%
Gross paid in and contributed surplus	521,742	521,742	-	0%
Unassigned deficit	(760,665)	(847,201)	86,536	-10%
Special surplus funds from retroactive reinsurance	311	311	-	0%
<b>Total capital and surplus</b>	(231,412)	(317,948)	86,536	-27%
<b>Total liabilities, capital and surplus</b>	<b>\$ 805,661</b>	<b>\$ 706,110</b>	<b>\$ 99,551</b>	<b>14%</b>

# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

### Notes to Statutory Balance Sheets

#### Assets

Total cash and invested assets increased by \$95.0 million, or 16%, to \$705.6 million, at September 30, 2016 compared to \$610.6 million, at June 30, 2016. During the quarter ended September 30, 2016, the Company received \$161.8 million from the commutation of the reinsurance agreements with CPRe; the \$200 million from the commutation less intercompany settlements of \$38.2 million. This balance was partially offset by approximately \$108 million in loss payments in the third quarter.

At September 30, 2016 CNIC reported \$1.3 million in receivable for securities, a decline of \$3.2 million from the June 30, 2016 balance of \$4.5 million.

Investment income due and accrued decreased by \$0.8 million, or 17%, to \$4 million for September 30, 2016 compared to \$4.8 million at June 30, 2016.

The Company has \$4.2 million in deferred premiums at September 30, 2016 compared to \$5.3 million at June 30, 2016. The Company collected \$0.8 million in billed audit premiums in the third quarter 2016.

Reinsurance recoverable decreased by \$3.8 million, or 10%, to \$33.1 million at September 30, 2016 compared to \$36.9 million at June 30, 2016. The decrease is primarily due to the run-off of our existing reinsurance contracts and the settlement of those treaties. Reinsurance contracts do not relieve CNIC from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to CNIC.

Funds held by or deposited with reinsured companies is \$1.7 million at September 30, 2016 and at June 30, 2016.

Miscellaneous assets increased \$10.3 million, or 21.8% to \$56.9 million at September 30, 2016 compared to \$46.6 million at June 30, 2016. The September 30, 2016 balance includes \$20.5 million due from CPRe, such amount representing the net tangible assets of CPRe on that date. This \$20.5 million increase was offset by decrease in deposits and advances of \$5.6 million and loss payment suspense of \$4.2 million.

#### Liabilities

The Company's losses and LAE reserves were \$987.9 million at September 30, 2016 and \$0 at June 30, 2016. At June 30, 2016, the Company had two reinsurance agreements with its affiliate CPRe that assumed all of its net loss reserves. As a result, the Company had no outstanding losses at June 30, 2016. Effective September 14, 2016, the Company terminated both agreements (quota share and LPTA) with CPRe and the unpaid liabilities and obligations ceded to CPRe of \$928.8 million were assumed by the Company. The Company also strengthened its net loss reserves by \$160 million at September 30, 2016 and paid approximately \$108 million in losses in the third quarter.

Reinsurance payable on paid losses and LAE increased by \$1.3 million, or 27%, to \$6.2 million at September 30, 2016 compared to \$4.9 million at June 30, 2016. Under the Conservation and Liquidation Plan the Company is no longer making payments on assumed business and is instead permitting its cedants to draw down collateral, if available.

# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

### Notes to Statutory Balance Sheets, continued

#### Liabilities, continued

Commissions payable decreased by \$1.2 million, or 79%, to \$0.3 million at September 30, 2016 compared to \$1.5 million at June 30, 2016. The decrease is primarily due to the settlement of balances from quota shares reinsurance treaties with Integon and Technology.

Ceded reinsurance payable declined by \$23.9 million, or 59%, to \$16.3 million at September 30, 2016 compared to \$40.2 million at June 30, 2016. The decrease is primarily due to the settlement of balances from quota share reinsurance treaties with Integon and Technology.

Funds held by the company under reinsurance treaties decreased by \$420.6 million, or 95%, to \$23.5 million at September 30, 2016 compared to \$444.1 million at June 30, 2016. The decrease is primarily due to commutation of the CPRe reinsurance treaties wherein all of the outstanding loss reserves ceded to CPRe were commuted to CNIC.

The majority of the June 30, 2016 balance of \$13.7 million relates to non-insurance liabilities with AmTrust and National General Insurance Company. The balance was netted against the commutation with ACPR.

Miscellaneous liabilities decreased by \$516.8 million to \$2.6 million at September 30, 2016 compared to \$519.4 million at June 30, 2016. The June 30, 2016 balance included \$519.8 million reserve for unsecured reinsurance recoverable associated with the quota share and LPTA reinsurance agreements with CPRe. This balance was reversed upon the commutation of these reinsurance agreements.

#### Capital and Surplus Accounts

The following table sets forth the changes in policyholders' surplus for the nine months ended September 30, 2016, and the six months ended June 30, 2016:

(\$ in thousands)	Changes in Policyholders' Surplus (unaudited)		Increase (Decrease)
	Year to Date,		
	30-Sep-16	30-Jun-16	
<b>Policyholders' surplus, 1/1/2016</b>	\$ (311,760)	\$ (311,760)	\$ -
Net (loss)	(23,586)	(12,904)	(10,682)
Change in net unrealized capital gains	20	(337)	357
Change in non-admitted assets	64,287	5,112	59,175
Aggregate write-ins for gains and losses	39,627	1,941	37,686
<b>Policyholders' surplus, end of year</b>	<b>\$ (231,412)</b>	<b>\$(317,948)</b>	<b>\$86,536</b>

The increase in surplus associated with the Aggregate write-ins for gains and losses in surplus is due to the recognition that the reserve for reinsurance due from CPRe of \$517 million at June 30, 2016 was greater than the tangible capital of CPRe at September 30, 2016. The increase in CPRe's tangible capital was due to the elimination of deferred tax liabilities at CPRe.

# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

### Notes to Statutory Balance Sheets, continued

As noted below, the change in non-admitted assets were primarily from recognizing in the statutory statement of income the write-off of non-admitted balances associated with other invested assets and receivable from affiliates.

(\$ in thousands)	Changes in Non-Admitted Assets (unaudited)		Increase (Decrease)
	Year to Date,		
	30-Sep-16	30-Jun-16	
Other invested assets	\$ 9,052	\$ 9,052	-
Premium receivable	(426)	(2,780)	2,354
Other assets	3,187	1,330	1,857
Receivables from parents and affiliates	52,474	(2,490)	54,964
<b>Total change in non-admitted assets</b>	<b>\$ 64,287</b>	<b>\$ 5,112</b>	<b>\$ 59,175</b>

# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

### Statements of Operations (Unaudited)

(\$ in thousands)	Nine months	Six months	Change Amount
	ended 30-Sep-16	ended 30-Jun-16	
Losses incurred and loss adjustment expenses incurred	\$ (160,260)	\$ -	\$ (160,260)
Commutation gain	200,000	-	200,000
Affiliated balance (previously non-admitted)	(52,474)	-	(52,474)
Other underwriting expenses incurred	(20,683)	(8,313)	(12,370)
<b>Net underwriting (loss)</b>	<b>(33,417)</b>	<b>(8,313)</b>	<b>(25,104)</b>
Net investment income earned	18,137	7,884	10,253
Net realized capital (loss)	(7,068)	(11,306)	4,238
<b>Net investment gain (loss)</b>	<b>11,069</b>	<b>(3,422)</b>	<b>14,491</b>
Other expenses	(1,238)	(1,169)	(69)
<b>Net (loss)</b>	<b>\$ (23,586)</b>	<b>\$ (12,904)</b>	<b>\$ (10,682)</b>

### Notes to Statements of Operations

#### Loss and loss adjustment expenses incurred

The Company reported loss and loss adjustment expenses incurred of \$160.3 million primarily from the reserve strengthening of \$160.0 million. Such strengthening was recorded in the third quarter 2016 to align the Company's reserve position with the point estimate of the California Department of Insurance.

During the third quarter, the Company saved approximately \$1 million by having its ULAE service provided to it at no charge by AmTrust and National General. The Company expects such savings to be larger in the fourth quarter, as it paid for these ULAE costs until the Court approved the Conservation and Liquidation Plan on September 14, 2016.

#### Commutation gain

The Company reported the \$200 million received from the commutation of various reinsurance agreements with CPRe and ACPRe as a commutation gain in the third quarter 2016.

#### Affiliated balance

The Company wrote-off \$52.5 million of intercompany balances that were previously non-admitted. This had no impact on surplus as such balances had already been charged against surplus.

# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

### Notes to Statements of Operations, continued

#### Other underwriting expenses

Other underwriting expenses for the nine months ended September 30, 2016 was \$20.7 million compared to \$8.3 million for the six months ended June 30, 2016, a change of \$12.4 million.

#### Other Underwriting expenses

(\$ in thousands)	Year to Date,		Increase
	30-Sep-16	30-Jun-16	(Decrease)
Commission and BB&A	\$ 3,857	\$ 695	\$ 3,162
Salaries and employee benefits	3,570	2,501	1,069
Rent & depreciation	3,092	2,082	1,010
Professional services	4,506	2,702	1,804
Other	5,658	333	5,325
<b>Total</b>	<b>\$ 20,683</b>	<b>\$ 8,313</b>	<b>\$ 12,370</b>

The increase of \$3.2 million in Commission and BB&A is primarily from the reserve strengthening and the impact it had on ceding commission for the Company's Reinsurance covers, which increased by \$3.6 million. The increase of \$5.3 million in other expenses is primarily due to the write down of tax accruals of \$2.1 million and the provision of out of period expenses of \$3.1 million.

#### Net investment income and net realized capital gains (losses)

Net investment income earned was \$18.1 million for the nine months ended September 30, 2016 compared to \$7.9 million for the six months ended June 30, 2016.

Net realized capital losses were \$7.1 million for the nine months ended September 30, 2016 compared to net capital losses of \$11.3 million for the six months ended June 30, 2016. The Company reported a realized capital gain of \$4.2 million for the three months ended September 30, 2016.

#### Other expenses

Other expenses remains virtually unchanged for the three months ended September 30, 2016.



# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

**Statutory Statements of  
Cash Flows  
(Unaudited)**

(\$ in thousands)	Year to Date,		Increase (Decrease)
	30-Sep-16	30-Jun-16	Amount
<b>Cash from Operations</b>			
Benefit and loss related payments	\$ (264,704)	\$ (80,951)	\$ (183,753)
Commutation gain	200,000	-	200,000
Commission and other expenses paid	(19,098)	(4,590)	(14,508)
Premiums collected net of reinsurance	6,708	29,177	(22,469)
Net investment income	22,349	10,669	11,680
Miscellaneous income	139	(232)	371
Federal income taxes recovered	1,712	1,712	-
<b>Net cash (used in) provided by operations</b>	<b>(52,894)</b>	<b>(44,215)</b>	<b>(8,679)</b>
<b>Net cash provided by investments</b>	<b>164,258</b>	<b>87,260</b>	76,998
<b>Net cash provided by (used in) misc.sources</b>	<b>59,064</b>	<b>(31,640)</b>	90,704
<b>Net change in cash and cash equivalents</b>	<b>170,428</b>	<b>11,405</b>	<b>159,023</b>
Cash and cash equivalents Beginning of year	90,612	90,612	-
<b>Cash and cash equivalents, end of period</b>	<b>\$ 261,040</b>	<b>\$ 102,017</b>	<b>\$ 159,023</b>

### Notes to Statutory Statements of Cash Flows

CNIC had a net cash inflow of \$170.4 million and \$11.4 million respectively, for the nine months ended September 30, 2016 and the six month ended June 30, 2016. The Company had a net cash outflow of \$264.7 million from the benefits and loss related payments primarily offset by inflows from the commutation of \$200 million, investments of \$164.3 million and from miscellaneous sources of \$59.1 million. The Company is in run-off, and expects continued outflow of operating cash.

The Cash and cash equivalents of \$261.0 million at September 30, 2016 ties to the amount that would be included in the Company's statutory presentation of assets. A reconciliation to the accompany balance sheet is presented below (\$000):

Bonds	\$401,452
Cash	261,040
Other Invested assets	41,870
Investment receivable	<u>1,280</u>
<b>Total</b>	<b><u>\$705,642</u></b>

# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

Castlepoint National Insurance Company (in Conservation)  
Adjusted Direct Reserves (Loss and ALAE) by State and by Line  
As of August 31, 2016  
(Data Internally prepared and Unaudited)

	Fire	Allied Lines	Homeowners Multiple Peril	Commercial Multiple Peril (Non-Liab Portion)	Commercial Multiple Peril (liability Portion)	Ocean Marine	Inland Marine	Medical professional liability - claims made	Workers Comp	Other liability - occurrence	Other liability - Claims Made	Excess Workers' Compensation	Products liability - Occurrence	Private Passenger auto no-fault	Other private passenger auto liab	Commercial auto no-fault	Other commercial auto liab	Private Passenger auto physical damage	Commercial Auto physical damage	Fidelity	Surety	Boilers & machinery	Total Reserves	
Alabama	-	-	53,857	284,216	346,302	-	-	-	885,780	540,325	-	-	78,564	-	-	-	82,460	-	-	-	-	-	2,271,503	
Alaska	-	-	-	-	-	-	-	-	6,136	-	-	-	-	-	-	-	-	-	-	-	-	-	6,136	
Arizona	-	-	-	-	96,826	-	-	-	1,018,537	77,765	-	-	-	-	-	-	261,487	-	2	-	93,800	-	1,548,416	
Arkansas	-	-	-	-	-	-	-	-	193,464	-	-	-	-	-	-	-	35,429	-	-	-	-	-	228,894	
California	-	-	593,126	474,183	1,216,531	-	-	-	79,683,448	2,081,786	565,494	32,431,801	114,299	-	29,060	-	6,671,871	-	1,253	500	(339,848)	-	123,523,504	
Colorado	-	-	-	-	39,721	-	-	-	80,830	-	40,000	-	-	-	-	-	203,232	-	-	-	-	-	363,783	
Connecticut	-	-	684,592	238,703	2,543,927	-	-	-	1,616,367	1,170,102	-	-	-	-	3,165,625	-	-	-	3,325	-	-	-	9,422,642	
Delaware	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
District of Columbia	-	-	-	-	35,000	-	-	-	10,731	32,071	3,330	-	-	-	-	-	-	-	-	-	-	-	81,132	
Florida	179,911	-	-	4,978	1,374,990	-	-	-	9,843,173	3,796,235	327,087	660,243	290,285	-	327,500	3,000	11,033,638	-	25,019	-	-	-	27,866,061	
Georgia	-	-	-	-	115,393	-	-	-	2,378,833	45,636	-	-	-	-	-	-	809,419	-	-	-	3,524	-	3,352,804	
Hawaii	-	-	-	-	-	-	-	-	4,520	-	-	-	-	-	-	-	-	-	-	-	-	-	4,520	
Idaho	-	-	-	-	-	-	-	-	209,421	-	-	-	-	-	-	-	-	-	-	-	-	-	209,421	
Illinois	-	-	-	-	1,706,095	-	-	-	4,893,253	-	-	-	-	-	-	-	1,411,675	-	-	-	-	-	8,011,023	
Indiana	-	-	-	-	-	-	-	-	12,597	-	-	-	-	-	-	-	13,710	-	-	-	-	-	26,308	
Iowa	-	-	-	-	-	-	-	-	88,321	-	-	-	-	-	-	-	-	-	-	-	-	-	88,321	
Kansas	-	-	-	-	-	-	-	-	78,372	-	-	-	-	-	-	-	1,437	-	-	-	-	-	79,809	
Kentucky	-	-	-	-	586,110	-	-	-	66,823	-	-	-	-	-	-	-	35,099	-	-	-	-	-	688,031	
Louisiana	-	-	-	2,500	643,104	8,600	20,975	-	1,048,771	280,461	-	-	80,515	-	-	-	1,071,412	-	2,500	-	-	-	3,158,838	
Maine	83,000	-	423,545	-	53,200	-	-	-	176,169	450,000	-	-	-	-	1,720,930	-	392,550	15,704	-	-	-	16,585	3,331,684	
Maryland	-	-	-	-	161,179	-	-	-	552,731	-	-	-	-	-	-	-	35,000	-	-	-	15,705	-	764,615	
Massachusetts	-	30,000	537,576	7,085	583,897	-	-	-	(206,749)	249,806	-	-	-	55,174	1,395,680	-	-	-	1,415	-	-	-	2,653,884	
Michigan	-	-	-	-	-	-	18,118	-	1,221,318	-	-	-	-	-	-	-	61,083	-	-	-	-	-	1,300,519	
Minnesota	-	-	-	-	-	-	-	-	52,606	-	-	-	-	-	-	-	9,723	-	-	-	-	-	62,329	
Mississippi	-	-	-	41,614	172,996	-	-	-	49,539	32,320	-	-	-	-	-	-	92,483	-	50,000	-	-	-	438,953	
Missouri	-	-	-	-	21,560	-	-	-	482,400	-	-	-	-	-	-	-	81,178	-	10,956	-	-	-	596,093	
Montana	-	-	-	-	-	-	-	-	(57,793)	-	-	-	-	-	-	-	-	-	-	-	-	-	(57,793)	
Nebraska	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Nevada	-	-	-	-	-	-	-	-	1,764,323	301	-	-	-	-	-	-	-	-	-	-	-	-	1,764,624	
New Hampshire	-	-	100,100	-	204,056	-	-	-	1,818,701	-	-	-	-	-	258,032	-	82,500	35	-	-	-	-	2,463,425	
New Jersey	90,128	-	1,806,825	982,181	6,349,059	-	400,119	-	16,870,891	2,272,767	-	287,928	75,641	922,052	97,250	48,987	6,372,150	62,092	2,859	-	170	33,734	36,674,832	
New Mexico	-	-	-	-	-	-	-	-	113,307	-	-	-	-	-	-	-	-	-	-	-	-	-	113,307	
New York	98,387	111	11,127,317	3,750,635	101,012,566	305,600	6,332	608,232	41,528,310	48,472,426	1,066,133	52,000	323,229	182,410	7,502	436,815	28,365,112	-	100	-	192,290	173,168	237,708,675	
North Carolina	-	-	-	-	22,000	-	-	-	354,057	-	-	-	-	-	-	-	-	-	-	-	-	-	376,057	
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ohio	655,870	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	138	-	-	-	-	-	656,007	
Oklahoma	-	-	-	-	667,420	-	-	-	254,308	-	-	-	-	-	-	-	68,323	-	252	-	-	-	990,303	
Oregon	-	-	-	-	10,593	-	-	-	37,281	1,000	-	-	-	-	-	-	585,931	-	-	-	(12,545)	-	622,260	
Pennsylvania	-	-	-	40,636	810,699	-	-	-	2,056,770	65,201	-	-	-	50,000	-	33,514	1,262,248	-	-	-	6,757	-	4,325,825	
Rhode Island	-	-	11,400	25,000	8,832	-	-	-	52,470	-	-	-	-	-	808,893	-	-	1,300	-	-	-	-	907,895	
South Carolina	-	-	182,341	-	116,330	-	-	-	828,277	35,154	-	-	-	-	-	-	158,243	-	-	-	-	-	1,320,344	
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tennessee	-	-	-	-	241,537	-	-	-	346,286	59,024	-	-	-	-	-	-	217,475	-	-	-	3,453	-	867,775	
Texas	-	-	146,227	393	1,011,160	-	17,875	-	4,870,258	505,278	(3,330)	-	-	-	-	5,000	2,892,522	-	-	-	101,279	-	9,546,661	
Utah	-	-	-	-	-	-	-	-	56,597	-	-	-	-	-	-	-	-	-	-	-	50,000	-	106,597	
Vermont	-	-	-	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000	
Virginia	-	-	-	-	-	-	-	-	30,314	-	-	-	-	-	9	-	151,858	-	-	-	-	-	182,180	
Washington	-	-	-	-	280,646	-	-	-	-	1,000	-	-	-	-	-	-	853,595	-	-	-	-	-	1,135,242	
West Virginia	-	-	-	-	75,991	-	-	-	-	-	-	-	-	-	-	-	9,000	-	-	-	-	-	84,991	
Wisconsin	-	-	-	-	-	-	-	-	-	60,000	-	-	-	-	-	-	-	-	-	-	-	3,150	-	63,150
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	1,107,295	30,111	15,666,907	5,852,123	120,522,720	314,200	463,419	608,232	175,371,751	60,228,658	1,996,713	33,431,972	962,534	1,209,636	7,810,482	527,316	63,321,980	83,872	92,940	500	117,735	223,486	489,946,582	

Note - Adjusted Direct Reserves (Loss and ALAE) exclude any claims covered by the cut through reinsurance agreements executed with Technology Insurance Company and Integon National Insurance Company  
Case Basis Reserves Only, excludes IBNR

# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

Castlepoint National Insurance Company (in Conservation)  
 Adjusted Direct Paid Loss and Paid ALAE by State & by Line  
 For the Quarter Ended September 30, 2016  
 (Data Internally prepared and Unaudited)

	Fire	Allied Lines	Homeowner's Multiple Peril	Commercial Multiple Peril (Non-Liab Portion)	Commercial Multiple Peril (Liability Portion)	Ocean Marine	Inland Marine	Medical Professional Liability Claims made	Workers Comp	Other liability - occurrence	Other liability - Claims Made	Excess Workers' Compensation	Products liability - Occurrence	Private Passenger auto no-fault	Other private passenger auto liab	Commercial auto no-fault	Other commercial auto liab	Private Passenger auto physical damage	Commercial Auto physical damage	Fidelity	Surety	Boilers & machinery	Paid
Alabama	-	-	7,865	45,774	44,362	-	-	-	16,099	96,312	-	-	5,409	-	-	-	160,733	-	-	-	-	-	376,554
Alaska	-	-	-	-	-	-	-	-	539	-	-	-	-	-	-	-	-	-	-	-	-	-	539
Arizona	-	-	-	-	62,518	-	-	-	(209,066)	13,364	-	-	-	-	-	-	(12,555)	-	28,534	-	-	-	(117,205)
Arkansas	-	-	-	-	-	-	-	-	48,976	-	-	-	-	-	-	-	155,995	-	-	-	-	-	202,971
California	25,510	5,597	255,137	109,195	329,163	-	(10,896)	-	13,494,849	801,936	30,099	2,312,537	133,491	(0)	21,418	58,277	(313,989)	(5,810)	5,371	-	478,590	-	17,730,474
Colorado	-	-	-	-	1,417	-	108	-	102,902	-	5,259	-	-	-	-	-	3,729	-	(108)	-	-	-	113,308
Connecticut	-	-	107,975	(68,841)	368,781	-	-	-	86,168	454,613	-	-	-	(0)	822,396	-	-	(1,338)	-	-	-	-	1,769,755
Delaware	-	-	-	-	-	-	-	-	(20,951)	-	-	-	-	(0)	-	-	-	-	-	-	-	-	(20,951)
District of Columbia	-	-	-	-	-	-	-	-	-	3,524	(3,330)	-	-	-	(0)	-	-	-	-	-	-	-	194
Florida	9,818	-	-	7,362	166,749	-	31,117	-	1,629,433	794,023	43,517	69,850	4,266	0	-	56,788	2,121,120	-	(30,160)	-	-	-	4,903,882
Georgia	-	-	-	687	29,108	-	-	-	533,959	41,318	-	-	-	0	-	2,258	151,013	-	-	-	(22,218)	-	736,125
Hawaii	-	-	-	-	-	-	-	-	41,252	-	-	-	-	-	-	-	-	-	-	-	-	-	41,252
Idaho	-	-	-	-	-	-	-	-	(12,840)	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,840)
Illinois	26	31	142	-	1,153,262	-	11,320	-	384,061	-	-	-	-	-	-	-	273,265	-	(5,504)	-	-	-	1,816,602
Indiana	-	-	-	-	-	-	-	-	167,951	-	-	-	-	-	-	-	19,951	-	-	-	-	-	187,903
Iowa	-	-	-	-	-	-	-	-	2,169	-	-	-	-	-	-	-	-	-	-	-	-	-	2,169
Kansas	-	-	-	-	-	-	-	-	243,248	-	-	-	-	-	-	-	-	-	-	-	-	-	243,248
Kentucky	-	-	-	-	25,398	-	-	-	11,698	-	-	-	-	-	-	-	31,929	-	-	-	-	-	69,024
Louisiana	-	-	-	24,794	264,604	49,899	6,135	-	484,885	22,146	-	-	9,527	-	-	-	367,935	-	-	-	-	-	1,229,923
Maine	8,631	-	(585)	404	13,491	-	-	-	(283,494)	-	-	-	-	-	381,887	-	46,885	(121)	665	-	-	1,449	169,211
Maryland	-	-	-	(98,158)	37,196	-	-	-	152,342	332	-	-	-	(0)	-	-	-	-	-	-	-	-	91,712
Massachusetts	18,998	18,674	288,991	23,606	288,633	-	223	-	391,302	50,124	-	-	122,500	(21,335)	526,246	-	-	(29,254)	(536)	-	(4,000)	-	1,674,172
Michigan	-	-	-	16,071	-	-	2,770	-	401,347	-	-	-	-	-	-	-	-	-	-	-	-	-	420,188
Minnesota	-	-	-	-	-	-	-	-	7,072	-	-	-	-	-	-	-	-	-	-	-	-	-	7,072
Mississippi	-	-	-	337	16,768	-	-	-	11,700	12,461	-	-	-	-	-	-	41	-	-	-	-	-	41,308
Missouri	-	-	-	-	-	-	2,608	-	102,047	673	-	-	-	-	-	-	38,928	-	2,207	-	-	-	146,464
Montana	-	-	-	-	-	-	-	-	1,174	-	-	-	-	-	-	-	-	-	-	-	-	-	1,174
Nebraska	-	-	-	-	-	-	-	-	67,991	-	-	-	-	-	-	-	-	-	-	-	-	-	67,991
Nevada	-	-	-	-	-	-	-	-	(218,015)	-	-	-	-	-	-	-	-	-	-	-	-	-	(218,015)
New Hampshire	8,102	-	7,916	(1,020)	41,113	-	-	-	1,864,463	190,626	-	-	-	-	268,111	-	-	(1,330)	375	-	-	-	2,378,356
New Jersey	(12,005)	(418,583)	499,511	92,682	3,168,484	-	1,214	-	1,934,419	342,780	-	11,138	11,465	381,293	0	8,861	1,519,606	1,078	7,057	-	-	11,038	7,560,038
New Mexico	-	-	-	-	-	-	-	-	(383)	-	-	-	-	-	-	-	-	-	-	-	-	-	(383)
New York	198,213	498,536	1,515,889	215,395	27,579,099	112,373	12,404	-	4,032,378	16,472,645	695,088	-	(81,451)	(0)	39	25,124	10,116,867	(0)	(2,204)	-	71,249	24,755	61,486,401
North Carolina	-	-	-	-	165	-	-	-	(347,596)	-	-	-	-	0	-	-	-	-	-	-	-	-	(347,431)
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	8,779	-	-	404	7,186	-	-	-	46,246	8,830	-	-	-	-	-	-	53,259	(0)	-	-	-	-	124,704
Oklahoma	-	-	-	-	25,265	-	-	-	(390,828)	-	-	-	-	-	-	-	30,450	-	-	-	-	-	(335,113)
Oregon	-	-	-	-	31,312	-	-	-	(642)	-	-	-	-	-	-	-	35,019	-	-	-	(1,836)	-	63,853
Pennsylvania	-	-	-	43,149	321,986	-	13,205	-	904,459	5,453	-	-	-	0	-	9,305	152,211	-	(1,100)	-	15,000	-	1,463,667
Rhode Island	-	-	-	1,828	1,031	-	-	-	102,239	322,829	-	-	-	-	61,546	-	254,968	(251)	-	-	-	(5,000)	739,190
South Carolina	-	-	148,781	-	47,701	-	-	-	545,861	2,265	-	-	-	-	-	-	(360)	-	-	-	(327)	-	743,921
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tennessee	216	-	-	-	368	-	2,316	-	252,380	5,796	-	-	-	-	-	-	7,300	0	(2,316)	-	-	-	266,059
Texas	-	-	169,956	950	761,392	-	7,494	-	(346,651)	169,467	3,330	-	-	-	-	573	753,099	-	1,974	-	35,880	-	1,557,464
Utah	-	-	-	-	-	-	-	-	853	-	268	-	-	-	-	-	-	-	-	-	-	-	1,121
Vermont	-	-	-	-	-	-	-	-	386	3,217	-	-	-	-	-	-	2,007	-	-	-	-	-	5,610
Virginia	-	-	-	-	-	-	-	-	351,282	-	-	-	-	0	(0)	-	110,380	-	(3,802)	-	-	-	457,860
Washington	-	-	-	-	34,946	-	-	-	-	-	-	-	-	-	-	-	126,512	-	-	-	-	-	161,459
West Virginia	-	-	-	-	8,203	-	-	-	350	-	-	-	-	-	-	-	181,523	-	-	-	-	-	190,076
Wisconsin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,948	-	-	-	5,425	-	84,373
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	266,286	104,256	3,001,580	414,617	34,829,703	162,272	80,018	-	26,586,018	19,814,733	774,230	2,393,525	205,206	359,958	2,081,643	161,186	16,466,769	(37,026)	453	-	577,763	32,242	108,275,430

Note: Adjusted Direct Paid Loss and Paid ALAE exclude any paid losses associated with the cut through reinsurance provided by Technology Insurance Company and Integon National Insurance Company

# CASTLEPOINT NATIONAL INSURANCE COMPANY

## Selected Financial Information and Analysis

Castlepoint National Insurance Company (in Conservation)  
Adjusted Direct Claim Counts by State and by Line  
As of August 31, 2016  
(Data Internally prepared and Unaudited)

	Fire	Allied Lines	Homeowners Multiple Peril	Commercial Multiple Peril (Non-Liab Portion)	Commercial Multiple Peril (Liability Portion)	Ocean Marine	Inland Marine	Medical professional liability - claims made	Workers Comp	Other liability - occurrence	Other liability - Claims Made	Excess Workers' Compensati on	Products liability - Occurrence	Private Passenger auto no-fault	Other private passenger auto liab	Commercial auto no-fault	Other commercial auto liab	Private Passenger auto physical damage	Commercial Auto physical damage	Fidelity	Surety	Boilers & machinery	All Lines
Alabama	-	-	2	6	12	-	-	-	6	40	-	-	5	-	-	-	7	-	-	-	-	-	78
Alaska	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Arizona	-	-	-	-	2	-	-	-	26	2	-	-	-	-	-	-	2	-	1	-	1	-	34
Arkansas	-	-	-	-	-	-	-	-	4	-	-	-	-	-	-	-	2	-	-	-	-	-	6
California	-	-	19	6	26	-	-	-	1,906	80	2	762	8	-	6	-	73	-	2	1	16	-	2,907
Colorado	-	-	-	-	1	-	-	-	4	-	1	-	-	-	-	-	8	-	-	-	-	-	14
Connecticut	-	-	19	12	57	-	-	-	15	32	-	-	-	-	70	-	-	1	-	-	-	206	
Delaware	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District of Columbia	-	-	-	-	1	-	-	-	1	1	1	-	-	-	-	-	-	-	-	-	-	-	4
Florida	1	-	-	3	31	-	-	-	168	74	3	12	8	-	1	1	167	-	3	-	-	-	472
Georgia	-	-	-	-	2	-	-	-	29	4	-	-	-	-	-	-	18	-	-	-	2	-	55
Hawaii	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Idaho	-	-	-	-	-	-	-	-	11	-	-	-	-	-	-	-	-	-	-	-	-	-	11
Illinois	-	-	-	-	16	-	-	-	69	-	-	-	-	-	-	-	39	-	-	-	-	-	124
Indiana	-	-	-	-	3	-	-	-	3	-	-	-	-	-	-	-	1	-	-	-	-	-	4
Iowa	-	-	-	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	3
Kansas	-	-	-	-	-	-	-	-	3	-	-	-	-	-	-	-	1	-	-	-	-	-	4
Kentucky	-	-	-	-	3	-	-	-	3	-	-	-	-	-	-	-	2	-	-	-	-	-	8
Louisiana	-	-	-	1	23	6	1	-	10	7	-	4	-	-	-	-	17	-	1	-	-	70	
Maine	3	-	5	-	4	-	-	-	8	2	-	-	-	-	69	-	5	14	-	-	-	111	
Maryland	-	-	-	-	3	-	-	-	6	-	-	-	-	-	-	-	1	-	-	-	1	-	11
Massachusetts	-	2	16	2	18	-	-	-	4	13	-	-	-	20	42	-	-	4	-	-	-	121	
Michigan	-	-	-	-	-	-	1	-	19	-	-	-	-	-	-	-	1	-	-	-	-	-	21
Minnesota	-	-	-	-	-	-	-	-	4	-	-	-	-	-	-	-	1	-	-	-	-	-	5
Mississippi	-	-	-	2	7	-	-	-	2	1	-	-	-	-	-	-	4	-	1	-	-	-	17
Missouri	-	-	-	-	1	-	-	-	7	-	-	-	-	-	-	-	3	-	1	-	-	-	12
Montana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nebraska	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nevada	-	-	-	-	-	-	-	-	57	3	-	-	-	-	-	-	-	-	-	-	-	-	60
New Hampshire	-	-	3	-	4	-	-	-	18	-	-	-	-	-	6	-	1	1	-	-	-	-	33
New Jersey	2	-	58	32	134	-	1	-	224	36	-	2	7	29	32	5	108	29	3	-	1	1	704
New Mexico	-	-	-	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	3
New York	3	1	345	104	1,309	3	1	8	459	629	7	1	11	2	2	44	301	-	1	-	4	10	3,245
North Carolina	-	-	-	-	1	-	-	-	8	-	-	-	-	-	-	-	-	-	-	-	-	-	9
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	2
Oklahoma	-	-	-	-	1	-	-	-	9	-	-	-	-	-	-	-	1	-	2	-	-	-	13
Oregon	-	-	-	-	1	-	-	-	6	4	-	-	-	-	-	-	7	-	-	-	2	-	20
Pennsylvania	-	-	-	4	22	-	-	-	27	4	-	-	-	1	-	2	12	-	-	-	2	-	74
Rhode Island	-	-	1	1	2	-	-	-	1	-	-	-	-	-	14	-	-	1	-	-	-	-	20
South Carolina	-	-	2	-	8	-	-	-	17	4	-	-	-	-	-	-	1	-	-	-	-	-	32
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tennessee	-	-	-	-	-	-	-	-	10	4	-	-	-	-	-	-	5	-	-	-	-	1	36
Texas	-	-	54	1	11	-	1	-	31	14	-	-	-	-	-	1	55	-	-	-	13	-	181
Utah	-	-	-	-	-	-	-	-	5	-	-	-	-	-	-	-	-	-	-	-	1	-	6
Vermont	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
Virginia	-	-	-	-	-	-	-	-	3	-	-	-	-	-	1	-	7	-	-	-	-	-	11
Washington	-	-	-	-	2	-	-	-	-	1	-	-	-	-	-	-	14	-	-	-	-	-	17
West Virginia	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	2
Wisconsin	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	13	-	14
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	10	3	524	174	1,721	9	5	8	3,191	956	14	777	43	52	243	53	866	50	15	1	57	12	8,784

Note: Adjusted Direct Claim Counts exclude any claims covered by the cut through reinsurance agreements executed with Technology Insurance Company and Integon National Insurance Company